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Financing of the United Nations Operation in Somalia II

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Note by the Secretary-General

1. The present note has been submitted to provide information on the status of unfinished work related to the financial liquidation of the United Nations Operation in Somalia (UNOSOM and UNOSOM II).

2. UNOSOM was established by the Security Council by its resolution 751 (1992) of 24 April 1992 for an initial period of six months and became operational on 1 May 1992. Subsequently, pursuant to Council resolution 794 (1992) of 3 December 1992, arrangements were made to deploy the Unified Task Force (UNITAF) to establish as soon as possible a secure environment for humanitarian relief operations under the unified command and control of forces involved. In its resolution 814 (1993) of 26 March 1993, the Security Council, *inter alia*, decided to expand the size and mandate of UNOSOM for an initial period through 31 October 1993. Effective 1 May 1993, UNOSOM II assumed administrative and budgetary control of operations transferred from UNITAF. The mandate of the expanded Operation, thenceforth referred to as UNOSOM II, was extended in subsequent Security Council resolutions, the last of which (resolution 954 (1994) of 4 November 1994) extended the mandate of the Operation for a final period until 31 March 1995. While military contingents of UNOSOM II completed withdrawal from Somalia in early March 1995, provisions were made for the retention of some international civilian and support staff in Nairobi until 30 June 1995 in connection with the residual administrative tasks related to the closing of the Operation.

3. It is recalled that the Secretary-General, in his report on the financing of UNOSOM II, dated 23 March 1995 (A/49/563/Add.2), provided cost estimates for the maintenance and liquidation of the Operation for the period from 1 October 1994 to 31 March 1995 and for its administrative closing for the period from 1 April to 30 June 1995. In section V of that report, the Secretary-General proposed that the special arrangements as regards article IV of the Financial Regulations be applied to UNOSOM to authorize the retention of unliquidated obligations in the Operation's special account for goods supplied and services rendered by Governments, for an additional period of four years following the end of the 12-month period provided for in financial regulation 4.3.

4. In his subsequent reports on the financing of UNOSOM II, dated 9 June 1995 (A/49/563/Add.3), 17 July 1995 (A/49/563/Add.4) and 9 November 1995 (A/50/741), the Secretary-General provided financial performance information for the Operation for the periods from 1 November 1993 to 31 May 1994 (revised), from 1 June to 30 September 1994 and from 1 October 1994 to 30 June 1995 (inclusive of the administrative closing from 1 April

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to 30 June 1995), respectively. Updated information on the disposition of the assets of UNOSOM was contained in the report of the Secretary-General of 4 May 1998 (A/52/882). The General Assembly is yet to consider these reports.

5. Based on the financial information available at the time of the preparation of the reports on the Operation's financing and on the assumptions in respect of the projected requirements for the reimbursement of troop contributors for the contingent-owned equipment, goods, supplies and services provided to UNOSOM, the Secretary-General, requested, in his report of 9 November 1995 (A/50/741), that the General Assembly appropriate to the special account for UNOSOM II an additional amount of $45.1 million gross for the period from 1 October 1994 to 31 March 1995, taking into account the amount of $253.7 million gross appropriated earlier by Assembly resolution 49/229 of 23 December 1994 for the period from 1 October 1994 to 28 February 1995 and the unutilized balance of $36,418,500 gross reported in document A/49/563/Add.4 for the period from 1 June to 30 September 1994.

6. In its letter of 10 June 1996, the Advisory Committee on Administrative and Budgetary Questions stated its awareness of the difficulties encountered during the liquidation phase of UNOSOM II, including the preparation of the final accounts, and informed the Secretary-General of its decision not to report to the Fifth Committee of the General Assembly on further appropriations and assessments for its operations. In the same letter, the Advisory Committee indicated its intention to revert to this matter once the outstanding performance report had been completed. Subsequently, in response to the Controller's request of 9 July 1997, the Advisory Committee indicated in its letter dated 16 July 1997 that it had no objection to the application of special arrangements with regard to article IV of the Financial Regulations in respect of UNOSOM (see para. 3 above).

7. For the period since the Operation's inception to 28 February 1995, the General Assembly appropriated a total amount of $1,804,404,500 gross for UNOSOM and UNOSOM II. This amount has been assessed on Member States. In addition, the Advisory Committee, in its letter dated 31 March 1995, provided under the terms of Assembly resolution 49/233 A of 23 December 1994, commitment authority of $2 million gross for the period from 1 April to 30 June 1995 for the administrative closing of UNOSOM II. Credits returned to Member States amounted to $150,130,800 gross. As at 30 June 1998, expenditures for the same period amounted to $1,641,543,000 gross, inclusive of unliquidated obligations of $148,895,900, after taking into account savings arising from unutilized obligations pertaining to prior periods and other adjustments. The resulting unencumbered balance of $14,730,700 gross, however, does not reflect the unutilized balance of $36,418,500 gross reported in document A/49/563/Add.4 for the period from 1 June to 30 September 1994 on which no action has been taken by the General Assembly. Had the Assembly decided to credit this unencumbered balance to Member States, such action would have resulted in the Operation's special account showing a deficit balance of $21,687,800 gross. A summary of financial performance information for the Operation since its inception as at 30 June 1998 is contained in the annex to the present note.

8. As at 31 December 1998, unliquidated obligations retained in the special account for UNOSOM amounted to $134.2 million, compared with $213.3 million recorded as at 31 December 1997. As at the same date, from the total amount of $1,645.9 million assessed on Member States since the Operation's inception, an amount of $284.5 million remained uncollected. Owing to the acute cash deficit in the Operation's special account, reimbursement to troop-contributing countries for troop costs was made through November 1994 only, with an amount of $29.3 million outstanding for the period from December 1994 to March 1995. For the same reason, reimbursement to troop contributors for certified claims totalling $69.2 million for equipment, supplies and services provided by them to the Operation has been put on hold pending receipt of assessed contributions.

9. Owing to the difficulties experienced by the UNOSOM administration during the life of the Operation which were attributable to the complexity of the political, military and security situation in the mission area, compounded by the magnitude of the residual administrative and financial tasks involved, the originally envisaged time-frame for the completion of the Operation's liquidation process proved unrealistic. Although significant progress has been made in this respect with the establishment in 1997 of a small liquidation team at United Nations Headquarters, a number of outstanding issues remain to be finalized. These include completion of the analysis and reconciliation of accounts recoverable locally, processing of inter-office transactions and write-off actions, review and finalization of the contingent-owned equipment reimbursement cases and of government claims for supplies, goods and services provided to UNOSOM, and preparation and processing of the pending Property Survey Board cases for the contingent-owned equipment. Resolution of these outstanding issues by the Department of Peacekeeping Operations and the Office of Programme Planning, Budgeting and Accounts is essential in order to establish authoritatively the actual resource

requirements of the Operation and, in this regard, to facilitate the determination by the General Assembly of the appropriate course of action in connection with the financing of UNOSOM. In view of the foregoing, it is currently anticipated that the final performance information for the Operation could be prepared and submitted to the Advisory Committee and the Fifth Committee during the fifty-fourth session of the General Assembly.

10. The General Assembly is invited to take note of the information contained in the present note.

Annex

United Nations Operation in Somalia (UNOSOM and UNOSOM II)

Financial performance information since inception (1 May 1992) as at 30 June 1998

Summary statement

(Gross, in thousands of United States dollars)

I.	**Resources**	
	1. Appropriations	1 804 404.5
	2. Commitment authority	2 000.0
	Total, line I	**1 806 404.5**
II.	**Expenditure**	1 648 559.0
	Less: Adjustments owing to unutilized prior periods' obligations and other adjustments	(7 016.0)
	Total, line II	**1 641 543.0**
III.	**Balance (I–II)**	**164 861.5**
IV.	**Credits returned to Member States**	**(150 130.8)**
V.	**Unencumbered balance (III + IV)**	**14 730.7**
VI.	**Interest income**	**5 687.0**
VII.	**Other/miscellaneous income (includes transfers from other funds)**	**5 557.0**
VIII.	**Total available balance (V + VI + VII)[a]**	**25 974.7**

[a] Includes unutilized balance of $36.4 million gross pertaining to the period from 1 June to 30 September 1994 (A/49/563/Add.4).